U. S. SENATE

# Republican Policy Committee

**Don Nickles, Chairman** Doug Badger, Staff Director 347 Russell Senate Office Building (202)224-2946

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## Clinton To Veto Dollars Out Of Minnesota's Pockets

Economists have universally attested to the positive economic effects of a balanced budget. These include lower tax rates on families with children and lower interest rates on home mortgages, car loans, and student loans. Today, the President is anticipated to veto the Balanced Budget Act, a bill that would have required government to live within its means for the first time in a generation. Here is what the President's veto of this historic bill means to you.

### If Clinton had signed the Balanced Budget Act . . .

***. . . Americans would have saved:***

- **$2,388** a year in mortgage payments on a house with a $75,000, 30-year mortgage.
- **$1,026** over the life of a 4-year loan on a car worth $15,000.
- **$1,891** over the life of a 10-year student loan of $11,000.
- **$74,381** over the lives of all these loans.

*[Source: DRI-McGraw Hill. The study found that interest rates could drop 2.7 percentage points — to the level of the 1950s from where they were in November 1994 when Republicans took charge of Congress.]*

***. . . Families with children would have received a tax credit that would have:***

- Helped **28 million families** raising **51 million children** and eliminated the federal income tax bill for over **3.5 million families** raising almost **9 million children**.
- Saved families with two children $1,000 — enough for the average family to buy 3 months of groceries, or make 1½ mortgage payments, or pay electric bills for 11 months.

*[Source: Heritage Foundation]*

***. . . The average citizen of Minnesota would have saved:***

- **$2,600** per year from lower mortgage payments.
- **$306** per year from lower state taxes due to lower state and local interest payments.
- **$595** per year from lower interest payments on a student loan.

*[Source: Citizens for a Sound Economy]*

***. . . Minnesota families would have received a tax credit that would have:***

- Helped over **529,000 Minnesota taxpayers** with over **1,006,000 dependents.** That's over **$477 million per year** staying with these working families.
- Eliminated the federal income tax bill in our state for over **45,000 taxpayers** with over **118,000 dependents.** That's **$38 million per year** staying with these working families.
- Paid for **nearly 4 years of tuition** payments at the University of Minnesota Twin Cities, if the parents banked the $500 tax credit for 18 years. *[Source: Heritage Foundation]*

FAX (202) 224-1235 Internet: nickles@rpc.senate.gov

***. . . State and local governments in Minnesota would have saved:***

- **Over $305 million** in interest payments over seven years, due to lower interest rates from a balanced budget.
- That's $305 million available for tax relief, more schools, better roads, and more local police.

*[Source: Senate Budget Committee]*

## Because of Clinton's Veto of the Balanced Budget Act . . .

- We can expect **interest rates to increase.**
- These increases will cost the average American family **$979 more per year** on their home mortgages, student loans, and car loans, and **$1,500 in future taxes** to pay for the extra $100 billion in annual interest payments on new federal debt.
  *[Source: Joint Economic Committee]*
- Evidently, the President either thinks these costs are acceptable or he has a real plan to produce a real balanced budget in seven years.
- I look forward to seeing the President's plan to produce a real balanced budget in seven years.

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Staff Contact: J.T. Young
RPC Staff Member Matt Kirk contributed to this report.